



State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

December 21, 2006

Mr. Dennis Stowell, President
Silica Sand Company
285 West 200 North
Post Office Box 796
Parowan, Utah 84761

Subject: Request for BLM Reclamation Surety Documents and Complete
Reclamation Contract, Silica Sand Company, White Sands Project,
M0210018, Iron County, Utah

Dear Mr. Stowell:

On December 12, 2006, the Division received via hand delivery a copy of BLM Surface Management Personal Bond form 3041-2a between Mr. T. Kelly Dalton and the BLM. The information contained in the bond form identifies \$3000.00 has been submitted to the BLM as a security pledge for faithful performance of any and all conditions as set forth in the bond, plan of operations, and BLM regulations.

In order to receive Division approval for the reclamation surety (bond) amount of \$3000.00, the following is required:

- A BLM issued approval/acceptance letter indicating the type of reclamation surety, the bank information, and dollar amount;
- A copy of the reclamation surety bond instrument (i.e. letter of credit, certificate of deposit etc.)

In a discussion with Mr. Dalton on December 21, 2006, he has agreed to Fax a copy of the reclamation surety to the Division. Please follow-up with him to ensure this action was taken. If so, please delete bullet #2 above.

Division regulatory requirements state that a separate reclamation surety is not required where a form and amount is held by other governmental entities, provided that the cost estimate is accurate and the Division is named as co-beneficiary. To meet this requirement, as mentioned above, the Division must first have a copy of the reclamation surety bond instrument for evaluation. A series of steps that require operator assistance are then required for the Division to be named as co-beneficiary on the surety. Other titling changes may also be required since the BLM Personal Bond (form 3041-2a) is with Mr. T. Kelly Dalton and the state issued permit is with Silica Sand Company. The Division is unable to determine any business correlation between Mr. T. Kelly Dalton and Silica Sand Company.

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In addition, the Division has not received the completed, signed and notarized reclamation contract. This partially completed reclamation contract was emailed to you on December 12, 2006. A duplicate of the emailed reclamation contract file is enclosed in the event it was not received. Please complete the missing information on the contract before returning the original to the Division.

The Division can take no further review action until the reclamation contract and requesting surety documents have been received. Please ensure these required actions gain your prompt attention so this permit is in compliance with state regulatory requirements.

Thank you in advance to your prompt attention to this important permitting matter. Please contact Beth Ericksen, (801) 538-5318 with questions and/or assistance. Happy Holidays.

Sincerely,

A handwritten signature in black ink, appearing to read "Daron R. Haddock". The signature is fluid and cursive, with the first name "Daron" and last name "Haddock" clearly legible, and a middle initial "R." in between.

Daron Haddock
Permit Supervisor
Minerals Regulatory Program

SMW:BE:pb
Enc: small mine reclamation contract, partially completed
cc: Doug Jensen, DOGM
Beth Ericksen, DOGM
John Baza, DOGM
Mary Ann Wright, DOGM
Ed Ginouves, BLM, (Ed_Ginouves@blm.gov)
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